Supreme Court, U.S.
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No. 94-1116

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM 1994

U.S.A. DIRECT, INC., RICHARD OSBORNE, WILLIAM P. BRADLEY and DENNIS ZIEGLER,

Petitioners,

v.

NORTH AMERICAN COMMUNICATIONS, INC.

Respondent.

On Petition for Writ of Certiorari
to the Supreme Court of the
Commonwealth of Pennsylvania

BRIEF IN OPPOSITION

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BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

SUMMARY OF THE ARGUMENT

Petitioners seek review of a simple discovery issue, arguing here for the first time that the failure of the Pennsylvania state trial court to conduct an evidentiary hearing before granting a motion to compel production of relevant documents constitutes a deprivation of Petitioners' Fourteenth Amendment property rights. Petitioners' arguments are legally and factually defective for the following reasons:

First, the Court is without jurisdiction to hear this matter since Petitioners impermissibly raise the alleged violation of their Fourteenth Amendment rights for the first time here in direct contravention of Rule 14.1.(h) of the Rules of the Supreme Court and relevant case authority.

Second, Petitioners jurisdictional allegation under 28 U.S.C. § 1257 is faulty, for the trial court's order granting Respondent's[1] motion to compel is not final and appealable.

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[1] In accordance with Rule 29.2 of the Rules of the Supreme Court, Respondent North American Communications, Inc. has no parent company, and its only subsidiary is a company called NAC West, Inc.

Third, Petitioners have not suffered any deprivation of their property because the documents ordered to be produced are protected by a Stipulation and Order of Confidentiality limiting their use only to the pending litigation. Petitioners' argument is premised on unsupported speculation that Respondent may violate the protective order at some time in the future, a position which presents no justiciable controversy ripe for review.

Fourth, Petitioners have failed to establish that they are entitled to an evidentiary hearing under Pennsylvania law in connection with Respondent's motion to compel.

ARGUMENT

I. Petitioners Improperly Raise The Alleged Fourteenth Amendment Violation For The First Time Here.

This Court's rules clearly provide that a review on writ of certiorari is not a matter of right, but rather is committed to the discretion of the Court and such review will only be granted where there are special and important reasons therefor. *See* Sup. Ct. R. 10. Further, this Court's rules also provide that a petition for a writ of certiorari "shall also specify the stage in the proceedings, both in the court of first instance and in the appellate courts, at which the federal questions

sought to be reviewed were raised." Sup. Ct. R. 14.1.(h).

Here, Petitioner has advanced no important reasons for this Court to review the decision of the Court of Common Pleas of York County (Pennsylvania) ("Pennsylvania State Court") which granted Respondent's motion to compel. Indeed, Petitioners raise issues wholly based upon the law of Pennsylvania grounded exclusively on the discretion of the trial court to order discovery. Petitioners' claims are not encompassed by Rule 10 of this Court's rules, nor is there, as shown below, a legitimate federal issue necessitating review.

Nonetheless, Petitioners attempt to construct an important reason by arguing, for the first time, that the Pennsylvania State Court somehow violated their Fourteenth Amendment rights by deciding that the information Respondent sought in discovery was necessary and relevant to the prosecution of Respondent's action. Notwithstanding that such a simple dispute based upon state law, and a trial court's discretion, does not merit this Court's attention, Petitioners have violated this Court's Rule 14.1.(h) and a fundamental precept of appellate review by arguing an issue that has never before been decided by, much less presented to, a lower court at any level. It is well established that an issue, upon which the lower courts have had no opportunity to pass upon, cannot be advanced for the first time in a writ for certiorari. *See, e.g., Monks v. New Jersey,*

398 U.S. 71, 72, 90 S.Ct. 1563, 1563-64 (1970); *Street v. New York*, 394 U.S. 576, 582, 89 S.Ct. 1354, 1360 (1969) (where "the highest state court has failed to pass upon a federal question, it will be assumed that the omission was due to want of proper presentation in the state courts") (citations omitted). Petitioners' request should be denied on this ground alone.

II. Because The Pennsylvania State Court's Order Is Not Final, Petitioners Have Improperly Invoked The Jurisdiction Of This Court.

Since 1789, Congress has granted this Court appellate jurisdiction with respect to state litigation only after the highest state court in which judgment could be had has rendered a final judgment or decree. *See Cox Broadcasting Corp. v. Cohn*, 420 U.S. 469, 477-78, 95 S.Ct. 1029, 1037 (1975) (internal quotations omitted). 28 U.S.C. § 1257(a) embodies the limitation on this Court's power to review state court decisions, and has been interpreted here as precluding review "where anything further remains to be determined by a state court, no matter how dissociated from the only federal issue that has finally been adjudicated by the highest court of the State." *See Cox Broadcasting Corp.*, 420 U.S. at 478, 95 S.Ct. at 1037 (quoting *Radio Station WOW, Inc. v. Johnson*, 326 U.S. 120, 124, 65 S.Ct. 1475, 1478 (1945)).

Petitioners would invoke this Court's appellate review power over a simple discovery order. However, not only has no federal issue been decided heretofore (because, as explained above, it has been raised here for the first time), but an entire trial remains to be decided by the Pennsylvania State Court. Thus, the decision of which Petitioners seek review is far from the final determination that this Court requires. *See, e.g., Flynt v. Ohio*, 451 U.S. 619, 621, 101 S.Ct. 1958, 1959 (1981). The discovery order, granting Respondent's motion to compel, is simply not a final order susceptible to review. *See Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368, 378, 101 S.Ct. 669, 675 (1981) (observing that this Court has "generally denied review of pretrial discovery orders") (citing *United States v. Ryan*, 402 U.S. 530, 533, 91 S.Ct. 1580, 1582 (1971)); *Cobbledick v. United States*, 309 U.S. 323, 325, 60 S.Ct. 540, 541 (1940)).

This view is analogous with the same general principle governing review by the United States Courts of Appeals where, pursuant to 28 U.S.C. § 1291, "[a]n order denying or granting discovery is ordinarily not appealable." *See Katz v. Batavia Marine & Sporting Supplies, Inc.*, 984 F.2d 422, 424 (Fed. Cir. 1993). *See also Enprotech Corp. v. Renda*, 983 F.2d 17, 20 (3rd Cir. 1993) (pretrial discovery orders generally are not final decisions) (citations omitted); *Periodical Publishers Service Bureau, Inc. v. Keys*, 981 F.2d 215, 217 (5th Cir. 1993) (discovery orders are usually not appealable because they are not final

decisions) (citations omitted); *Marchetti v. Bitterolf*, 968 F.2d 963, 967 (9th Cir. 1992) (pretrial orders governing discovery are not appealable because they are not final) (citation omitted); *Reise v. Board of Regents of the Univ. of Wisconsin System*, 957 F.2d 293, 294-95 (7th Cir. 1992) (observing that "[d]etails of discovery are a long way from final decision" and explaining why discovery orders "are not appealable despite their irreversible costs" to the party affected) (citing *Stringfellow v. Concerned Neighbors in Action*, 480 U.S. 370, 380, 107 S.Ct. 1177, 1184 (1987)); *Richmark Corp. v. Timber Falling Consultants, Inc.*, 937 F.2d 1444, 1449 (9th Cir. 1991) (pre-judgment orders compelling discovery are not considered final judgments from which an appeal is permitted) (citation omitted). Therefore, the non-finality of the decision of which Petitioners seek this Court's review is another reason to deny the Petition for Writ of Certiorari.

III. Petitioners Have Not Been Deprived Of Their Property.

Petitioners contend that the Pennsylvania State Court's order granting Respondent's motion to compel means they are "being ordered to irrevocably surrender the property rights inherent in trade secret information without benefit of a hearing." *See* Petition for Writ of Certiorari at 17. As a practical matter, there is nothing "irrevocable" about allowing the opposing party to discover relevant information for exclusive use in the litigation in accordance with the

terms of a mutually-drafted protective order. The protective order provides that any confidential information produced during the case is to be returned after its conclusion. Significantly, the protective order was reviewed and approved by the Pennsylvania State Court.

Moreover, Petitioners' claim that they will be deprived of their property rights is fundamentally flawed. To begin, Petitioners' position begs the question since the basic issue before the Pennsylvania State Court concerns which party is the lawful possessor and owner of trade secret information. Thus, the question of ownership of property rights is very much at the heart of the state court litigation.

However, even assuming, *arguendo*, that Petitioners' lawfully own their trade secrets which constitute property rights within the meaning of the Fourteenth Amendment, Petitioners' cannot show anywhere in the record how the Pennsylvania State Court's order granting Respondent's motion to compel will deprive Petitioners of their property. Petitioners' claimed future injury, without something more, is based entirely on unsupported speculation that Respondent will violate the protective order and subject itself to contempt by using the information for an improper purpose. As stated, the Stipulation and Order of Confidentiality confines the use of any produced information only to the pending litigation. Without any evidence, or even a proper inference based on evidence, Petitioners' argument is

speculative, and as such, fails to present a justiciable issue ripe for review, much less a federal question of any importance.

IV. Petitioners Have No Entitlement To An Evidentiary Hearing On A Discovery Issue.

Petitioners claim that due process was not accorded them because the Pennsylvania State Court granted Respondent's motion to compel without conducting an evidentiary hearing. *See* Petition for Writ of Certiorari at 19-20.

However, Petitioners have not cited a single decision supporting their contention. This is not surprising, for the likely import of a judicial decision supporting Petitioners' position would be the use of evidentiary hearings to resolve virtually every routine discovery dispute. Clearly, such a waste of judicial resources could not be sanctioned by any competent court.

Ironically, Petitioners complain vigorously about the "empty evidentiary record" on which the Pennsylvania State Court's decision was based, and yet, refer in their Petition to an affidavit of the President of USA Direct, Inc. submitted in support of their motion for reconsideration in the lower court. *See* Petition for Writ of Certiorari at 29-30. By their own admission, then, the Pennsylvania State Court

had before it evidence in the form of that affidavit to assist in the resolution of the issue.

It is beyond doubt that in supervising discovery, the trial court has broad discretion to take such action as it deems appropriate with respect to discovery. *Kerns v. Methodist Hosp.*, 574 A.2d 1068, 1073, 393 Pa. Super. 533 (1990). Pennsylvania courts have long recognized that, when faced with disputed factual issues, the trial court must "resolve the dispute by receiving evidence thereon through interrogatories, depositions or an evidentiary hearing." *See Holt Hauling and Warehousing Systems, Inc. v. Aronow Roofing Co.*, 309 Pa.Super. 158, 161, 454 A.2d 1131, 1133 (1983) (quoting *Luitweiler v. Northchester Corp.*, 456 Pa. 530, 535, 319 A.2d 899, 902 (1974)). *See also Slota v. The Moorings, Ltd.*, 343 Pa.Super. 96, 100, 494 A.2d 1, 2-3 (1985) (same).

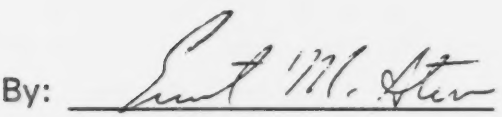
In the context of a civil action, the use of an evidentiary hearing is but one alternative the trial court can use to resolve contested factual issues. Here, the trial court, using its discretion, relied upon the affidavit of the President of USA Direct, Inc. as evidence in deciding to grant Respondent's motion to compel. Petitioners have failed to demonstrate, nor have they cited any authority for the proposition, that the Pennsylvania State Court abused that discretion. Accordingly, Petitioners have presented no proper legal basis to reverse the trial court's decision.

CONCLUSION

For the foregoing reasons, the Petition for Writ of Certiorari should be denied.

Respectfully submitted,

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